IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 05.02.2025

CORAM

THE HON'BLE MR.JUSTICE S.S.SUNDAR
AND
THE HON'BLE MR.JUSTICE C.SARAVANAN

T.C.A.No.166 of 2024
and
C.M.P.No.17285 of 2024

The Principal Commissioner of Income Tax - 1,
Chennai. ... Appellant

Vs.

M/s.Indian Additives Limited,
Express Highway, Manali,
Chennai - 600 068.
PAN : AAACI-1445-G .... Respondent

APPEAL under Section 260-A of the Income Tax Act, 1961 against the order of Income Tax Appellate Tribunal, Madras "D" Bench, Chennai dated 19.05.2023 passed in ITA.No.1037/Chny/2018.

For Appellant : Mr.T.Ravikumar
For Respondent : Mr.I.Dinesh,
for Mr.G.Baskar

<u>J U D G M E N T</u>

(Judgment of the Court was delivered by **S.S.SUNDAR, J.**)

The substantial questions of law raised in this appeal are as follows:-

1. Whether on the facts and circumstances of the case the Tribunal was justified in treating the Royalty payment made to M/s.Chevorn Oronite Co, LLC, USA as Revenue expenditure especially when the Assessee is enjoying an enduring benefit since the payments were made for infusion of New Technology which aided the Assessee in its manufacturing activity?

2. Is not reasoning and finding of the Tribunal bad and perverse by holding that the Royalty payment made was Revenue expenditure especially when the Assessee had obtained an exclusive right to manufacture and sell the products using the license technology which is a benefit of Enduring nature?

3. Whether the Tribunal ought to have applied the decision of the Apex Court in the case of Southern Switchgear Ltd reported in 232 ITR Page 359 (SC) wherein it was held that grant of technical aid fee for setting up of factory and

right to sell the products as per collaboration agreement is to *be treated as Capital expenditure only and not allowable as Revenue expenditure and the ratio of the judgment is similar to the facts of the present case?*

2. In the grounds of appeal it is indicated that the tax effect for the assessment year 2014-15 is Rs.1,52,32,280/-, which is less than Rs.2 Crores.

3. The learned Standing Counsel appearing for the appellant has produced before this Court Circular No.9 dated 17.09.2024 indicating that the Board has decided to revise the monetary limits for filing appeals in Income Tax cases before High Court as Rs.2 Crores and to withdraw the appeals pending before High Court when the tax effect is less than Rs.2 Crores.

4. Since the tax effect of this appeal is below the monetary limit prescribed in circular No.9 dated 17.09.2024, this appeal is dismissed as withdrawn. However, the substantial questions of law raised in this appeal is left open to be answered in appropriate case. No costs. Consequently, connected miscellaneous petition is closed.

(S.S.S.R.,J.) (C.S.N.,J.)
05.02.2025

dsa

Index : Yes/No

Internet : Yes/No

Neutral Citation : Yes/No

Speaking order/ Non-speaking order

To

The Income Tax Appellate Tribunal,
Madras "D" Bench, Chennai.

S.S.SUNDAR, J.
AND
C.SARAVANAN, J.

dsa

T.C.A.No.166 of 2024

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